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RUEHBO/AMEMBASSY BOGOTA 8036  
RUEHBR/AMEMBASSY BRASILIA 6169  
RUEHLP/AMEMBASSY LA PAZ 2922  
RUEHPE/AMEMBASSY LIMA 1202  
RUEHSP/AMEMBASSY PORT OF SPAIN 3749  
RUEHQT/AMEMBASSY QUITO 3016  
RUEHSG/AMEMBASSY SANTIAGO 4146  
RUEHDG/AMEMBASSY SANTO DOMINGO 0674  
RHEHNSC/NSC WASHDC  
RHEHAAA/WHITEHOUSE WASHDC  
RHEBAAA/DEPT OF ENERGY  
RUCPDOG/DEPT OF COMMERCE  
RUEATRS/DEPT OF TREASURY  
RUMIAAAA/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001055

SIPDIS

ENERGY FOR ALOCKWOOD AND LEINSTEIN, DOE/EIA FOR MCLINE  
HQ SOUTHCOM ALSO FOR POLAD  
TREASURY FOR MKACZMAREK  
COMMERCE FOR 4332/MAC/WH/JLAO  
NSC FOR RKING

E.O. 12958: DECL: 08/04/2019

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SUBJECT: VENEZUELA: OIL PRODUCTION IN WESTERN VENEZUELA

REF: A. CARACAS 817

Classified By: Economic Counselor Darnall Steuart, for reasons  
1.4 (b) and (d).

[¶1.](#) (C) SUMMARY. Energy field consultations in June highlighted Venezuela's continued crude oil production challenges and the disparity between field production estimates and the Bolivarian Republic of Venezuela's (GBRV) official production figures. END SUMMARY.

[¶2.](#) (C) From June 2 through 15, Petroleum Attache (PetAtt) and visiting Washington energy analyst met with industry representatives in Zulia, Caracas, and Monagas. This is a complementary cable to Ref A. Two other cables will follow, one discussing the factors that impact crude oil production and another examining ready opportunities to increase production and business opportunities for service companies.

#### PRODUCTION ESTIMATES

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[¶3.](#) (C) Given widespread skepticism of the GBRV's official crude production statistics, expatriates working in the petroleum sector provide invaluable insight into real production and activity levels. PDVSA's production, put at approximately 3.1 million barrels per day (b/d) by the GBRV and generally believed to include both crude oil and other hydrocarbons products, remains difficult to confirm and the source of much of the controversy over Venezuela's actual production levels. The only consensus among industry experts in Venezuela regarding crude oil production levels is that the GBRV's official figures are too high. The majority of industry representatives fall into two groups: those who agree with International Energy Agency (IEA) estimates of 2.1 million b/d and those that believe production might be around 2.5 million b/d. The most pessimistic estimate puts production at 1.8 million b/d.

[¶4.](#) (C) An American oil reservoir engineer working on Lake

Maracaibo told PetAtt and visiting Washington energy analyst that she calculated crude oil production in Venezuela's Lake Maracaibo region was 663,000 b/d. She detailed production levels as:

- Mixed Companies (PDVSA majority partner)
- PetroIndependiente (Chevron): 6,000 b/d of crude
- Petrowarao (Perenco): 1,000 b/d
- PetroRegional del Lago (Shell): 40,000 b/d
- PetroBoscan (Chevron): 100,000 b/d
- PetroSiven (CNPC): 9,000 - 10,000 b/d
- Lagopetrol (Hocol, Ehcopek, Cartera de Inversiones Petroleras II): 5,000 b/d
- PetroCabimas (Suelopetrol): 5,000-6,000 b/d
- Petroquiriquire (Repsol): 15,000 b/d

Mixed Company Sub-total: 193,000 b/d (Note: figures do not total exactly)

- PDVSA Maracaibo Region
- Tia Juana District: 70,000 b/d
- Lagunillas: 100,000 b/d
- Bachaquero: 80,000 b/d
- Cueta Tomoporo: 120,000 b/d
- Rest of Western production: 100,000 b/d

PDVSA Maracaibo Sub-total: 470,000 b/d

Western Venezuela Total: 663,000 b/d

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The oil reservoir engineer's production estimate for Western Venezuela is low in comparison to other industry estimates that put the region's production as high as 900,000 b/d. Her unique access, however, makes the lower figure plausible. Separately, Mac MacVay of Superior Energy Services and Antonio Moschella of Lukiven (strictly protect both throughout) also estimated Lake Maracaibo production was as low as 600,000 b/d.

15. (C) Shell Venezuela President Luis Prado (strictly protect throughout) subsequently informed PetAtt that PetroRegional del Lago is producing 33,000 b/d from a peak of 44,000 b/d. OPEC quota reductions imposed by PDVSA had put a production ceiling of 36,000 b/d on the field. He attributed the recent drop in production below the production quota to PDVSA's inability to manage the joint venture efficiently with Shell.

16. (C) COMMENT. Guessing Venezuela's production levels continues to be a favorite conversation topic around town. If current production levels in Western Venezuela are now below 700,000 b/d, however, this would indicate that PDVSA has not been able to maintain production. In fact, the on-going payments problems with service companies may actually divert attention from the real crisis developing here, the deterioration of production. If production drops to 2 million barrels per day or lower, this should put people on notice. If production drops to this level, the GBRV will need to start making difficult choices between realizing economic rent from sales to the U.S. or the political considerations inherent in its deliveries to favored partners, particularly to Cuba and the PetroCaribe members. END COMMENT.  
DUDDY